

**District of Columbia  
Department of Housing and Community Development**



**Program Development Guidelines for HUD Entitlement  
Programs**

**Consolidated Plan Fiscal Year 2004 Action Plan**

**I. Introduction**

These Guidelines provide background information to the general public on the process that the D.C. Department of Housing and Community Development (DHCD) uses to develop its annual Action Plan under its five year Consolidated Plan (2001-2005) for U.S. Department of Housing and Urban Development (HUD) entitlement grants. The Action Plan serves as the basis of DHCD's application to HUD each fiscal year for federal entitlement funding.

The fiscal year runs from October 1 to September 30 - e.g., Fiscal Year (FY) 2004 runs from October 1, 2003 to September 30, 2004. The process begins with a series of public needs hearing in the early part of the fiscal year and culminates in the submission of the application to HUD in August. The FY 2004 schedule is provided in section III.

Four federal HUD entitlement grant programs are included in the Action Plan:

- Community Development Block Grant Program (CDBG)
- HOME Investment Partnerships Program (HOME)
- Emergency Shelter Grants Program (ESG)
- Housing Opportunities for Persons with AIDS Program (HOPWA)

Targeted primarily to benefit low-income and moderate-income persons, funds from these programs may be used for a variety of housing, economic development, and community development projects. Detailed descriptions of the individual programs are provided in section IV. Information on program funding levels can be found in section V.

**II. Citizen Participation**

Citizens are encouraged to participate in the development of the District's FY 2004 Action Plan. DHCD undertakes specific outreach efforts to inform District residents, particularly low- and moderate-income residents, and interested community based organizations and

development organizations about the programs included in the Action Plan and to solicit their input in developing the Plan prior to its submission to HUD.

During the Plan's annual preparation cycle, a minimum of two hearings is held—a needs hearing and a proposed budget hearing. In FY 2004, DHCD scheduled three public needs hearings. The public hearings on "Housing and Community Development Needs in the District of Columbia" for the FY 2004 Action Plan were held as follows:

- November 12, 2002 at Walker Memorial Baptist Church, 2020 13<sup>th</sup> Street, N.W.
- November 13, 2002 at the Fourth District Police Station, 6001 Georgia Avenue, N.W.
- November 19, 2002 at the Marshall Heights Community Development Organization, 3939 Benning Road, N.E.

The hearing on the proposed budget will be held in either late March or early April.

Broad based participation at the hearings will be facilitated through the provision of sign language and Spanish language interpreters. Diverse attendance will be promoted through advertising hearing notices in various media sources, including the *Washington Post*, the *Afro-American*, *El Tiempo*, and the *D.C. Register*. In addition, roughly 1,000 hearing notices will be mailed to Advisory Neighborhood Commissioners, civic association officers, officials of community based organizations, churches, and other interested parties. Meeting notices will be published and distributed at least 2 weeks prior to the public hearings.

DHCD describes the Action Plan process to the public through the above hearings and also through this *Program Development Guidelines* document. As noted in the introduction, the *Guidelines* provide information on the programs included in the Action Plan, approximations of program funding levels, and proposed scheduling. Copies of the *Guidelines* are made available at least 2 weeks prior to the first public hearing at all public libraries, all Advisory Neighborhood Commission offices, selected community based organization offices, and DHCD headquarters.

Senior DHCD staff are present at the public hearings to take the direct testimony of the witnesses on housing and community development needs in the city as well as on program performance in the current and prior years. Court reporters are provided and a written transcript is produced. Subsequently, taking into consideration the direct witness testimony and reviews of the transcript and written testimony, senior staff, through a series of meetings, propose a consolidated program budget for the upcoming fiscal year. The proposed budget is published and a second hearing is held to take comments from the public on the proposed budget. The input from this meeting is used to guide senior DHCD staff in preparing the final proposed budget and Action Plan submitted to HUD.

### **III. Schedule for Development and Submission of the FY 2004 2000 Consolidated Plan to HUD**

The following tentative schedule is proposed for developing and submitting the FY 2004 Consolidated Plan to HUD.

Event	Date
Public Hearings on "Housing and Community Development Needs in the District of Columbia"	November 12, 13, and 19, 2002
Publication of proposed FY 2004 Action Plan	February 2003
Public Hearing on proposed FY 2004 Action Plan	March 2003
Mayor's submission of proposed FY 2004 Action Plan to the Council of the District of Columbia	April 2003
Council committee public hearing on proposed FY 2004 Action Plan	April 2003
Council FY 2004 Action Plan approval resolution adopted	July 2003
Submission of FY 2004 Action Plan application to HUD	August 13, 2003
FY 2004 grant funds become available	October 1, 2003

The dates of the hearings, of course, are subject to change, but the final Council approval and HUD submission dates must be met.

#### IV. Description of Consolidated Plan Programs

##### Community Development Block Grant (CDBG) Program

The CDBG program provides the District with the opportunity to develop viable urban communities, by providing financing for the development of decent housing, a suitable living environment and expanding economic opportunities, principally for low- and moderate-income families.<sup>1</sup> Specific activities that may be undertaken with CDBG funds are set forth in Section 105 of Title I of the Housing and Community Development Act of 1974, as amended, and in HUD's implementing regulations (Title 24 CFR 570). The types of activities that may be undertaken with CDBG funds include:

1. acquisition of real property;
2. acquisition, construction, or installation of certain public facilities;
3. code enforcement;
4. clearance, demolition, removal, and rehabilitation of buildings;
5. removal of architectural barriers;
6. provision of certain public services;
7. payment of the cost of completing urban renewal projects;
8. relocation assistance;
9. planning activities;
10. administrative costs associated with the implementation of the CDBG program;
11. provision of micro-enterprise related activities;
12. economic development activities carried out by public, private nonprofit, or for profit entities; and

<sup>1</sup> Low-income families have incomes of up to 50 percent of the area median income, as defined by HUD. Moderate-income families have incomes of between 51 and 80 percent of the area median income, as defined by HUD.

13. grants and loans to community based organizations to carry out neighborhood revitalization, community economic development, or energy conservation projects.

Each eligible activity to be undertaken with CDBG funds also must meet at least one of the national objectives of Title I in accordance with criteria established by HUD. These objectives include benefiting low- and moderate-income persons, aiding in the prevention or elimination of slums or blight, or meeting needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community. Funds may have area-wide benefits (for example, the clearance of blight), but not less than 70 percent of the CDBG funds received by the District must be used for activities that benefit low- and moderate-income persons.

### **HOME Investment Partnerships (HOME) Program**

The purpose of the HOME program is to expand the supply of decent, safe, sanitary, and affordable housing with primary attention to rental housing, for very low-, low, and moderate-income families.<sup>2</sup> The following types of major activities can be funded under the HOME program:

1. substantial rehabilitation (defined as costs in excess of \$25,000 per unit) or moderate rehabilitation of existing housing for very low- and low-income persons (mixed income housing is allowed, but use of HOME funds is limited to very low- and low-income units);
2. new construction of housing, provided that the specific development proposed is cost effective, meets important neighborhood improvement objectives, or meets special needs most easily accomplished through new construction (such as single room occupancy housing or housing for persons with disabilities);
3. acquisition of existing housing (with or without rehabilitation) or land for new housing construction to provide affordable housing;
4. demolition, relocation, site improvements, and soft costs directly related to the rehabilitation or construction of eligible housing;
5. assistance for first time home purchases by eligible persons either in conjunction with rehabilitated or newly constructed housing or existing housing; and,
6. tenant based rental assistance to increase the supply of affordable housing to very low- and low-income families in the District of Columbia.

These types of housing activities may be used to support either rental or owner-occupied housing. Assistance may take the form of equity investment, interest bearing or non-interest bearing loans, deferred payment loans, or interest subsidies. Grant assistance will be considered only as a last resort based on special justification for grant assistance. All assistance is subject to federal HOME regulations (Title 24 CFR 92).

### **Emergency Shelter Grants (ESG) Program**

The ESG program is designed to improve the quality of existing emergency shelters for the homeless, help make available additional shelters, help meet the costs of operating emergency shelters, and provide certain essential social services to homeless individuals.

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<sup>2</sup> Very low-income families have incomes of up to 30 percent of the area median income, as defined by HUD.

Authorization for the ESG program is contained in subtitle B of Title IV of the Stewart B. McKinney Homeless Assistance Act of 1987. ESG funds may be used for one or more of the following activities:

1. renovation, major rehabilitation or conversion of buildings for use as emergency shelters for the homeless;
2. provision of essential services;
3. payment of maintenance, operation, insurance, utilities, and furnishings; and
4. development and implementation of homeless prevention activities.

### **Housing Opportunities for Persons with AIDS (HOPWA) Program**

The HOPWA program is authorized by the AIDS Housing Opportunity Act, as amended by the Housing and Community Development Act of 1992. The program is designed to provide localities with resources to devise long term comprehensive strategies for meeting the housing needs of persons with AIDS or related diseases and their families. HOPWA funds may be utilized to assist all forms of housing designed to prevent homelessness including emergency housing, shared housing arrangements, apartments, single room occupancy (SRO) dwellings, and community residences. Appropriate supportive services must be provided as part of HOPWA assisted housing. Eligible activities include:

1. housing information services;
2. acquisition, rehabilitation, conversion, lease, and repair of facilities to provide housing and supportive services;
3. new construction (SRO dwellings and community residences);
4. project-based or tenant-based rental assistance;
5. short-term rent, mortgage, and utility payments to prevent the homelessness of the tenant or mortgagee of a dwelling;
6. supportive services including, but not limited to, health, mental health, drug and alcohol abuse treatment, and nutritional services;
7. operating costs for housing; and,
8. technical assistance in establishing and operating a community residence.

## **V. Grant Levels and Program Budgets**

### **Federal Entitlement Grant Levels**

HUD has not yet informed the District of Columbia of the amount of the CDBG, HOME, HOPWA, or ESG grants to be provided for FY 2004, beginning October 1, 2004. The District received approval for the following grant amounts from HUD for the current year, FY 2003, however:

CDBG .....	\$23,207,000
HOME .....	7,797,000
ESG .....	828,000
HOPWA.....	10,451,000 <sup>3</sup>

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<sup>3</sup> This is a regional grant. The District receives approximately \$5,000,000 of this amount, and the rest is distributed to surrounding metropolitan counties in Maryland, Virginia and West Virginia.

DHCD anticipates that the District will receive approximately the same funding level in FY 2004. The HOPWA funds shown above represent the District's share of a larger regional allocation. It should be noted that CDBG and HOME program funding are supplemented by DHCD program income, estimated to be approximately \$9.3 million (combined) for FY 2003.

### **Program Budgets for the Current Program Year**

Following are unadjusted budget breakouts showing funding for components of the four federal entitlement grant programs included in the Action Plan covering the District of Columbia's FY 2003, shown by their current budget centers. This structure will be changed in FY 2004 to reflect a transfer to the District's "performance-based budgeting" regimen.

#### ***Community Development Block Grant Program (CDBG)***

Homebuyer Assistance and Housing Recycling and Preservation <sup>4</sup> ....	\$ 6,201,819
Affordable Housing Production <sup>5</sup> .....	11,448,201
Community Organization Support <sup>6</sup> .....	7,371,209
Economic and Commercial Development <sup>7</sup> .....	1,347,414
Planning and Administration.....	<u>6,915,437</u>
Total CDBG Program .....	\$33,284,080

#### ***Home Investment Partnership Program (HOME)***

Homebuyer Assistance and Housing Recycling and Preservation .....	\$2,400,500
Affordable Housing Production .....	4,848,100
Program Monitoring and Administration .....	<u>805,400</u>
Total HOME Program.....	\$8,054,000

#### ***Emergency Shelter Grant Program (ESG)***

Homeless Support and Prevention .....	\$807,300
Program Administration .....	<u>20,700</u>
Total ESG Program .....	\$828,000

#### ***Housing Opportunities for Persons With Aids Program (HOPWA)***

All funds are passed through to the HIV/AIDS Administration of the D.C. Department of Health.

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<sup>4</sup> Includes purchase assistance to first-time homebuyers through the Home Purchase Assistance Program and the Homestead Housing Preservation Program, and rehabilitation assistance for single-family homeowners. Also includes funding for tenant associations to exercise first right of purchase.

<sup>5</sup> Includes construction assistance to developers and rehabilitation financing for multi-family (5 or more unit) properties.

<sup>6</sup> Includes the Neighborhood Development Assistance Program and Community-Based Services Program, which assist nonprofit organizations with the costs of delivering programs and projects such as housing counseling and small business technical assistance.

<sup>7</sup> Includes DHCD's HUD Section 108 loan account, planning studies, and property management.

## **VI. Housing and Community Development Goals and Priorities**

### **Goals**

The Department of Housing and Community Development has the responsibility to facilitate the availability of adequate, affordable housing and economic opportunities to meet the needs of current and future residents. Because federal funding requirements emphasize that activities included in the Plan assist low- and moderate-income persons, that population group will continue to be the primary focus of the Department's housing and community development agenda.

The District adopted the following overall program goals in its FY 2001-2005 Consolidated Plan. Specific housing and community development proposals are evaluated for consistency with these goals, and funding decisions and adjustments in program direction are made accordingly.

#### *Affordable Housing*

To promote affordable housing, the District:

- Encourages the expansion of homeownership in the city. A key element of this strategy is to help low-income renters become homeowners through various assistance programs.
- Preserves the affordability of the District's rental housing stock, especially in the face of the expiration of federal subsidies in multifamily rental housing.
- Provides rehabilitation financing to keep single- and multifamily affordable housing viable for residency.

#### *Homelessness*

For homelessness and Continuum of Care support, the District supports the operation of the Continuum of Care for homeless individuals and families. The District has contracted with the Community Partnership for the Prevention of Homelessness to provide services to homeless individuals and families under the Emergency Shelter Grant Program. The District's overall strategy for assisting the homeless includes a variety of measures, such as:

- Increased collaboration between the Continuum of Care and the District's mainstream agencies dealing with health, mental health, employment, corrections, housing, welfare, and family services.
- Dedicating multi-year Continuum of Care funding to support housing-based models of service delivery that will (a) increase the likelihood of dedicated mainstream public sector investments and (b) leverage additional private sector grants and loans.
- Increasing the availability and quality of case management services in all programs, thus reducing lengths of stay and increasing numbers of persons who can be served.

- Creating programs, supportive services, and financing products that will engage more community- and faith-based organizations in the provision of smaller neighborhood-friendly emergency shelter, transitional housing, and permanent supporting housing.
- Reducing dependency on large shelters and “set apart” housing for homeless persons; increasing the integration of Continuum of Care programs with mainstream community-building efforts.
- Structuring a near-term transitional period in which existing emergency shelter services remain in operation as alternative capacity is being developed.
- Linking Continuum of Care housing investments – projected at \$20 million over five years, including the Commission (now Department) on Mental Health Service’s “Home First” program – to the District’s economic and neighborhood development.

There also are specific interventions planned for targeted subpopulations of homeless adults, families, and youth.

#### *Expansion of Access to Housing Choice*

Lower-income and minority households face barriers to housing choice. These barriers include discrimination in loan approval and rental access, but they also include problems such as poor credit histories and personal financial management practices that make qualifying for a loan difficult, and a lack of knowledge regarding how to become a homeowner.

The District proposed three activities to help affected households overcome these barriers. They include:

1. Provision of financial support to community-based organizations so they can provide comprehensive housing counseling services to lower-income households.
2. Provision of technical assistance to first-time homebuyers, to tenants seeking to cooperatively purchase and renovate apartments, to existing homeowners to rehabilitate their homes, and to homesteaders to purchase and rehabilitate their homes.
3. Support for neighborhood improvement efforts in areas of opportunity to achieve an overall visible impact on neighborhood conditions and livability.

The Consolidated Plan also calls for the expansion of single-room occupancy (SRO) housing, to increase the supply of affordable housing units, and the creation of better-paying jobs, to increase job holders’ ability to pay rent in the current market.

#### *Reduction of Lead-Based Paint Hazards*

The Consolidated Plan describes the District’s efforts to implement the U.S. Department of Housing and Urban Development lead-safe housing regulations. The D.C. Department of Health undertakes lead hazard inspection in the city’s housing units. Key actions for DHCD in carrying out this strategy include the establishment of lead-safe work practice requirements for contractors engaged in renovation, remodeling, painting demolition and other activities that disturb painted surfaces.



### *Implementation of an Anti-Poverty Strategy*

The problem of poverty pervades the District and undermines many of the solutions that District agencies implement to relieve poor housing conditions, homelessness, unemployment, and other social concerns. Efforts that promote self-sufficiency and economic independence help lower-income families in a myriad of ways: most notably, from DHCD's perspective, they enable those families to earn more, so that they can afford more and better housing.

The D.C. Departments of Human Services and Employment Services largely administer the District's anti-poverty strategy. The D.C. Housing Authority also plays a role, in administering Family Self-Sufficiency programs for public housing residents. The District's Consolidated Plan does not assign specific goals to DHCD in the execution of its anti-poverty strategy, but DHCD plays a role nonetheless, by funding construction projects that create jobs and by providing financial support to community-based organizations that provide job-readiness training.

### *Fair Housing Promotion*

The Consolidated Plan for FY 2001-2005 does not set long-term goals for fair housing promotion. It notes that during FY 2000, DHCD entered into an agreement with the Fair Housing Council (FHC) of Greater Washington, Inc., to provide certain services to the District in analyzing and reducing impediments to fair housing. FHC's Analysis of Impediments is included in the Fiscal Year 2003 Consolidated Plan Action Plan, available from DHCD.

Informally, DHCD's goal is to promote fair housing through education and outreach with underserved and linguistically-isolated populations (i.e., Latino and Asian, disabled and elderly); to inform and educate DHCD's program and project subrecipients on their fair housing and equal opportunity responsibilities.

### **Geographic Targeting**

In FY 2002, DHCD adopted certain geographic targets for investment. Its Request for Proposals awarded additional points to projects that would be located in one of the following 13 strategic neighborhood investment areas:

#### Strategic Neighborhood Investment Areas

- |                         |                                     |                                    |
|-------------------------|-------------------------------------|------------------------------------|
| 1. Anacostia            | 6. H Street, N.E.                   | 10. Pennsylvania Avenue / Fairlawn |
| 2. Bellevue             | 7. Howard University / LeDroit Park | 11. Shaw                           |
| 3. Columbia Heights     | 8. Minnesota / Benning              | 12. Takoma Park                    |
| 4. Congress Heights     | 9. Near Southeast                   | 13. Trinidad / Ivy City            |
| 5. Georgia Avenue, N.W. |                                     |                                    |

The District's two Neighborhood Revitalization Strategy Areas (NRSAs)<sup>8</sup> - Georgia Avenue, N.W., and Carver/Langston Terrace-Ivy City-Trinidad - also are priority areas.

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<sup>8</sup> NRSAs are a specific HUD designation. Strategic neighborhood investment area is a District designation.

The FY 2001-2005 Consolidated Plan sets out more general priorities for investment, which the above areas meet. They are:

1. Priority One:

- Proposals located on publicly owned property available for housing use.
- Proposals located in designated Community Development Areas or other high priority target areas designated by the District Government, which have concentrated community improvement program activities/plans, where assistance will make a visible impact, and where neighborhood residents demonstrate strong and cohesive support for planned actions/activities.
- Proposals located in designated Development Zones under the District's Development Zones Incentives Act.

2. Priority Two:

- Proposals located in census tracts where the income level exceeds the median income of the city; or
- In the case of rehabilitation proposals, areas with incomes below the area median, where a proposal would provide for lower income housing opportunities in an area which is being substantially upgraded, through public or private market activity, to higher income levels and lower income families are being displaced as a result of such activity.

This priority is intended to encourage a balanced mix of housing types throughout the city and to avoid over concentration of lower income housing in various areas of the city.

3. Priority Three:

- Proposals located in other parts of the city that are adequately served by public facilities, where assistance would make a visible impact and where assistance would not result in an over-concentration of lower income persons.

Of course, geographic factors cannot be the only consideration in selecting among competing housing assistance proposals. Many additional factors may come into play such as:

- Proposals that prevent the displacement of lower income tenants.
- Proposals that serve the needs of low income families by providing a higher percentage of units containing two or three bedrooms.
- Proposals that provide special amenities (such as superior architectural design, provision of day-care facilities in family housing, or other appropriate community support facilities).
- Proposals that involve little or no significant relocation of existing lower income households.
- Proposals that provide at least 5% of total units that will be accessible/adaptable barrier-free design suitable for housing the disabled.

<p><b>FOR ADDITIONAL INFORMATION ON DHCD PROGRAMS, PLEASE CONTACT DHCD AT (202) 442-7200 OR CHECK THE DHCD WEBSITE AT <a href="http://WWW.DHCD.DC.GOV">WWW.DHCD.DC.GOV</a></b></p>
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